

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF WESTERN) CASE NO. 8839-O
KENTUCKY GAS COMPANY)

I N T E R I M O R D E R

On December 1, 1983, the Commission issued its Order in Case No. 8839 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased or a refund is received.

On June 10, 1985, Western Kentucky Gas Company ("Western") notified the Commission that it had received notice of revised rates from its supplier, Tennessee Gas Pipeline Company ("Tennessee Gas"), and submitted with its notice certain information in compliance with its purchased gas adjustment clause on file with this Commission.

On May 29, 1985, Tennessee Gas submitted two tariff sheets to the Federal Energy Regulatory Commission ("FERC") to be effective July 1, 1985. Tennessee Gas anticipates a reduction in its rates; however, an increase may result if a settlement is not reached. Western's notice of June 10, 1985, proposed two tariffs to reflect Tennessee Gas' filings.

After reviewing the record in this case and being advised, the Commission is of the opinion and finds that:

(1) On May 29, 1985, Tennessee Gas filed two sets of revised rates with the FERC to be effective July 1, 1985.

(2) Given the probable wholesale rate reduction, Western's rates effective July 1, 1985, should be based on Tennessee Gas' reduced rates.

(3) Western's alternate increased rates should be suspended until further action is taken in this case.

(4) The rates set out in the Appendix to this Order should be approved on an interim basis. The rates are designed to pass on a wholesale decrease in gas cost from Western's supplier in the amount of \$1,777,930 or 4.65 cents per Mcf.

(5) Western's adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 8839, dated December 1, 1983, is fair, just and reasonable and in the public interest and should be effective with gas supplied on and after July 1, 1985.

IT IS THEREFORE ORDERED that the rates in the Appendix to this Order be and they hereby are authorized effective on an interim basis with gas supplied on and after July 1, 1985.


IT IS FURTHER ORDERED that Western's alternate rates, reflecting an increased cost of gas, shall be suspended until further action is taken on this matter.

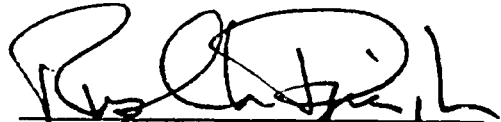
IT IS FURTHER ORDERED that Western shall inform the Commission of the actual rates of Tennessee Gas as soon as they become available.

IT IS FURTHER ORDERED that within 30 days of the date of this Order Western shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 2nd day of July, 1985.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 8839-0 DATED JULY 2, 1985

The following rates and charges are prescribed for the customers in the area served by Western Kentucky Gas Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the date of this Order.

RATES:

Applicable to: All Gas Rates Schedules

Purchased Gas Adjustment

To each bill rendered under the above named rate schedules there shall be added an amount equal to: (\$0.1038) per Mcf of gas used during the billing period.

The base rates for the future application of the purchased gas adjustment clause of Western Kentucky Gas Company shall be:

Texas Gas Transmission Corp.	<u>Demand</u>	<u>Commodity</u>	<u>Gas Rate</u>
G-2	\$4.90	\$3.2069	-0-
G-3	5.69	3.2527	-0-
G-4	6.22	3.2877	-0-
Tennessee Gas Pipeline Co.			
GS-2	-0-	.6457/Mcf	2.8268/Mcf
Local Producers	-0-	-0-	3.2527/Mcf